

# Miscellaneous Programs

[010-3510] Fire Services

[240-2610] Employee Assistance Programs

# Internal Services

[730-2520] Information Systems

[760-8230] Unemployment Insurance

[770-8220] Workers' Compensation

[790-8500] Equipment Replacement

[795-8210] General Liability



# [010-3510] Fire Services

## ACTIVITY DESCRIPTION

This activity funds the City's contract with the Santa Clara County Fire Department (SCCFD) which provides fire suppression and emergency medical services to the Morgan Hill community.

## FY 2004/05 HIGHLIGHTS

- Implemented a contract extension with SCCFD to provide fire suppression and emergency medical services through September 2007.
- Maintained an average response time of less than 8 minutes 100% of the time
- Provided guaranteed paramedic-level emergency medical service in Morgan Hill

## FY 2005/06 WORKPLAN

- Develop strategy for subregional fire protection

## FY 2005/06 ACTIVITY GOALS

- Maintain response times of less than 8 minutes 90% of the time or better
- Offer First Aid, CPR, and other training to City employees on an as-needed basis

## FINANCIAL COMMENTS

The primary component of this activity is the City's contract with the SCCFD. Contract expenses are expected to increase by 4.2% effective October 1, 2005 under the terms of this contract.

In addition, \$50,000 has been included in this budget for the study of a subregional fire protection plan. The intent of this study is to develop a service model that would provide residents with the same level of fire and emergency medical services at a lower cost, or an expanded level of services without increasing City costs. Funding for this initiative is proposed to come from the "investment zone" of General Fund reserves.

Pursuant to the Council's direction to increase user fees associated with specific benefits, the budget includes \$220,000 in new revenue associated with increasing some fire inspection fees, and establishing new fees for the fire inspection services currently provided. Final rates will need to be established in consultation with County Fire, but staff believe that the rates proposed come close to capturing the costs associated with providing inspection services to Morgan Hill businesses and institutions. If the Council authorizes staff to proceed with the proposed fee schedule, staff will communicate with all businesses and institutions affected by the fees. The estimate of \$220,000 presumes that the new rates will be effective in September 2005, with the City receiving additional funds for ten months of the year. The newly-instituted fees would generate close to \$270,000 for all twelve months of FY 2006-07.

New development in Morgan Hill impacts the City's fire service infrastructure. Fire Impact Fees are collected to provide capital funds for projects which offset those impacts. The Capital Improvement Program (CIP) includes \$100,000 for a hardened driveway at the new Courthouse, which will complement the eventual construction of an additional fire station adjacent to the Courthouse. The CIP also includes \$425,000 for a fire prevention office at the El Toro Fire Station.

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# [240-2610] Employee Assistance Program

## ACTIVITY DESCRIPTION

This fund, established in FY 2002/03, supports various employee financial assistance programs. The FY 2003/04 budget includes funding for the employee computer loan program begun in 2002/03. Through this program, an employee may borrow up to \$2,000 to purchase a computer system for home use. The employee repays the City's with payroll deductions over 24 months.

## FY 2005/06 ACTIVITY GOALS

- Make technology use affordable for all employees
- Encourage the use of technology outside of the workplace
- Increase the understanding and potential of technology
- Improve skills in the workplace by encouraging use at home

## FINANCIAL COMMENT

Total funding in FY 2002/03 was \$40,000. The funds were available to employees on a revolving basis. Future loans will be made from the repayments of previous loans. The first year of the computer loan program, 02/03, disbursed 28 loans for a total of \$46,280. Employees who participated early in the program were very pleased with the availability of these loans and the ease in the process. Those that participated in 02/03 will be eligible to participate in the program again in fiscal year 05/06 and it is expected that most eligible will participate again.

PERFORMANCE MEASURES	FY 03/04	FY 04/05	FY 05/06
	ACTUAL	PROJ	GOAL
• Number of computer loans .....	10	21	26
• Loan dollars disbursed .....	\$19,058	\$40,472	\$50,700
• Average loan per employee .....	\$1,906	\$1,927	\$1,950

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The Human Resources Department manages the unemployment insurance (UI) activity and budget. Working in conjunction with the State Employment Development Department, the Human Resources Department evaluates claims for benefits in an effort to manage the City's liability in this area. The City has chosen the self-insured method as the most cost-effective way to manage the City's unemployment insurance costs, therefore, the City reimburses the State for actual costs incurred for the payment of UI benefits. The State bills the City quarterly so payment to the qualified former employee actually precedes the City's reimbursement to the State.

## FINANCIAL COMMENTS

The budget for this activity for unemployment claims remains the same for this fiscal year as 2004/05 because the number of claims is anticipated to remain static or decrease slightly during the 2005/06 year. Unless new legislation is passed, the maximum weekly unemployment benefit amount (\$450) will not increase in 2006.

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# [770-8220] Workers' Compensation

## ACTIVITY DESCRIPTION

The Human Resources Department has primary responsibility for the City's workers' compensation program. The City is self-insured for this employee benefit. Each department pays a portion of the program's cost based on gross wages and level of risk for the various job classifications within the department. The City is responsible for the first \$250,000 of each claim and has an excess insurance policy from that level up to \$5,000,000. The City belongs to an excess insurance joint powers authority called Local Agency Workers' Compensation Excess Insurance (LAWCX) for the purpose of pooling for excess insurance. A third party administrator, Athens Administrators, handles day-to-day workers' compensation claim administration.

## FY 2004/05 HIGHLIGHTS

- Held regular City Safety Committee meetings and continued regular safety training
- Implemented a Safety Suggestion Box program
- Updated the City's Injury and Illness Prevention Plan
- Updated each facility's Emergency Action Plan and conducted an evacuation drill at each site
- Made great progress in monitoring workers' compensation claims, closing three large claims by compromise and release and monitoring new claims closely

## FY 2005/06 ACTIVITY GOALS

- Provide City employees with safe work practice information, with the goal of reducing work place injuries
- Maintain an assertive position in monitoring the activities of the third party administrator to close cases as soon as is appropriate
- Implement the 2005 Safety Plan of Action and develop the 2006 Safety Plan of Action
- Provide OSHA required training to the appropriate employees

## FINANCIAL COMMENTS

Insurance premiums for our excess insurance continue to skyrocket, causing a budget increase, however we have been able to close some of the larger, costly claims and do not anticipate as many claims expenses in 2005/06. Workers' compensation weekly temporary disability payments will not increase from the present \$840 per week in 2006.

	<u>FY 03/04</u>	<u>FY 04/05</u>	<u>FY 05/06</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ</u>	<u>GOAL</u>
• Number of workers' compensation claims involving temporary disability benefits .....	9	8	8
• Number of lost work days caused by temporary disability .....	739	650	550
• Average length of time (days) to bring an injured employee off temporary disability .....	74	20	50
• Workers' compensation claims expense .....	\$297,614	\$250,000	\$275,000
• Workers' compensation temporary disability (loss work days) expense .....	\$233,327	\$100,000	\$137,500
• Workers' compensation permanent partial disability expense .....	\$78,191	\$150,000	\$137,500

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# [790-8500] Equipment Replacement

## ACTIVITY DESCRIPTION

The Equipment Replacement Fund provides a mechanism for the City to budget and fund future replacement of vehicles. Each department that uses City vehicles is charged an annual fee based on future replacement costs and the useful life for each vehicle.

## FY 2004/05 HIGHLIGHTS

- This program continues to provide a basis for the City to plan for and achieve incremental costs related to vehicle replacement so as to smooth fluctuations in the City budget in any given fiscal year.
- The Fleet Management Committee was formed and met regularly to coordinate purchasing and surplusing of vehicles.
- The Fleet Management Committee revised the Collision Reporting Policy.

## FY 2005/06 ACTIVITY GOALS

- The Finance Department will continue to provide a budgetary planning tool for departments including calculation of salvage values, serviceable life spans, accounting replacement contribution, and interest distribution. These tracking tools will be updated periodically.
- The Fleet Management Committee will work to increase coordination between departments in managing their equipment and vehicles.

## FINANCIAL COMMENTS

For 2005/06, the City will defer most vehicle purchases because of the financial constraints currently facing the City. In addition, because staff has identified excess available reserves available in this fund, some departments will receive one-time reductions in replacement charges for 2005/06. These reductions in charges will not affect the City's ability to replace vehicles as needed. Pre-funding of vehicle replacement provides for a measure of budget predictability, insures timely replacement which enhances safety and efficiency, and reduces the need for deficit spending based on a large capital outlay in any given fiscal year. For FY 2005/06 the following equipment are proposed to be replaced:

<b><u>Equipment to be Replaced</u></b>	<b><u>Estimated Replacement Cost</u></b>
6 Police Patrol Vehicles	\$210,000
1 Police Detective Vehicle	\$20,000
1 Police UNET Vehicle	\$25,000
1CIP Engineering Vehicle	\$17,855
1 Development PW truck	\$17,720
1 Sewer Deere Gator	\$17,121
1Sewer PW Vehicle	\$24,961
1 Meter Reading truck	\$45,586
1 Meter Reading EV	\$15,606
1 Water Operations truck	\$45,586
1 Parks Van	\$28,821

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# [795-8210] General Liability

## ACTIVITY DESCRIPTION

The City purchases liability/property insurance through the Association of Bay Area Governments (ABAG) which offers the ABAG Plan. The City is a member of the ABAG PLAN Corporation for coverage of the liability risks associated with City operations, including the Redevelopment Agency Risk Pool. This provides a pool of liability/property coverage distributed among member municipalities. The liability program offers broad-form coverage, contractual liability, and personal injury. Under this program, the City is self-insured for the first \$100,000 of any liability claim and is covered up to \$10,000,000. Responsibility for claims adjustment is provided by the ABAG Plan.

The property program offers a single, all-risk policy covering buildings and contents, boilers and machinery, data processing, vehicles and other coverages. The program carries a \$5,000 deductible, except that there is a \$10,000 deductible for vehicle losses. ABAG support services include risk management, diligent claims administration, actuarial studies, loss control training, financial and other administrative services, and comprehensive legal defense.

## FY 2005/06 ACTIVITY GOALS

- City operations will continue to emphasize safety issues and best business practices to minimize situations that require insurance claims.

## FINANCIAL COMMENTS

The City is able to manage its risk through a shared pool of liability coverage with other similar legal entities through the ABAG Plan. This enhances efficiency as ABAG is very familiar with the types of issues that confront local government and the appropriate response to these situations.

	<u>FY 03/04</u>	<u>FY 04/05</u>	<u>FY 05/06</u>
<u>PERFORMANCE MEASURES</u>	<u>ACTUAL</u>	<u>PROJ</u>	<u>GOAL</u>
• Percent of claims responded to within the statutory time frame of 45 days, either through a rejection of the claim or through a proposed resolution .....	100%	97%	100%
• Number of claims filed against the City of Morgan Hill .....	22	34	30

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